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18 March 1957

Chief, Finance Division

- Finance
- Cash Shortage

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Ref: [REDACTED]

Action Required: Require Official Custodian of Funds Reimburse Station for \$100. Cash Discrepancy

1. The facts presented in reference have been reviewed in an effort to establish justification for relieving the Custodian of Funds of pecuniary liability for the cash discrepancy of \$100. A recommendation for relief from pecuniary liability in cases of physical losses of funds is ordinarily considered to be in order whenever it is established that:
  - a. The specific requirements of regulations with respect to the control and safeguarding of funds have been observed.
  - b. At least ordinary care and prudence have been observed by the custodian in safekeeping and control of funds.
  - c. The loss is not attributable to careless or negligent acts on the part of the situation.
2. In the instant situation, the case for relief of the custodian has been weakened by the fact that the discrepancy was not reported as required by regulations for almost one year after it occurred and then only after it became necessary for Headquarters to initiate a second request for the required report. Also, paragraphs 5 and 6 of the Audit Report as of 30 September 1956 indicates that control and safeguarding of funds is not in compliance with [REDACTED].

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3. The above factors, together with the fact, that the custodian of funds is a fully trained and experienced Finance Officer, have forced us to agree with the conclusion presented in reference; i.e., the custodian of funds should be held accountable for the cash discrepancy and should be requested to refund the amount of the discrepancy.

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4. Reference suggests the possibility of applying the shortage against the \$100. overage referred to in [REDACTED] Identification of the discrepancy as an overage in [REDACTED] was in error, inasmuch as the \$100. difference was in fact the \$100. shortage reflected in the financial report for the period 1 -29 February 1956.

5. The probability of cash differences occurring in the amounts of official custodian of funds despite the observance of all accepted standards of control are well recognized. For this reason, we are most anxious that official custodians shall be protected from financial loss resulting from the exercise of their special responsibilities. Such protection can, however, be extended to the fullest degree only upon a showing that there has been no negligence or failure to comply with regulations governing the discharge of their duties.

6. Your prompt advice as to repayment of the \$100. by [REDACTED] 25X1A2e will be appreciated.

[REDACTED] 25X1A9a

Distribution:

- 3 - Field Station
- 2 - NEA Division
- 1 - Deputy/Comptroller
- 1 - Accounts
- 1 - C/FO

C/FO/LEB:vmc (26 February 1957)

C/NEA  
(Releasing Officer)

Dept/Compt.  
(Coordinating Officer)

C/FO  
(Authenticating Officer)

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